

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
OFFICE OF THE MONTANA STATE AUDITOR**

---

IN THE MATTER OF:

GORDON L. HARDY, an  
individual, and  
ELITE BUSINESS STRATEGIES,  
a Delaware Limited Liability  
Company

)  
) CASE NO. SEC-2016-361  
)  
) DEFAULT ORDER  
)  
)  
)  
)

---

The Office of the Montana State Auditor, Commissioner of Securities and Insurance (CSI), filed a Notice of Proposed Agency Action and Opportunity for Hearing (Notice) against Elite Business Strategies (Respondent), *et al.*, on March 23, 2017. The CSI alleged that Respondent violated the Securities Act of Montana on multiple occasions. Respondent was served via Montana Rule of Civil Procedure 4j, which provides for service on a corporate Respondent when a representative cannot be found within Montana. Service was complete on June 15, 2017. The Respondent did not request a hearing within the time allowed.

The CSI moved on July 14, 2017, for entry of a default order. Based on the information provided in the Motion and related Notice, the Commissioner of Securities and Insurance, Montana State Auditor (Commissioner) makes the following:

## **FINDINGS OF FACT**

1. Respondent is a Delaware Corporation.
2. On December 10, 2014, Gordon L. Hardy, the Respondent's principal, opened an account with Wells Fargo Bank in the name of Elite Business Strategies, LLC.
3. Hardy was the sole signor on the account.
4. Hardy, either directly or through agents acting at his direction, made phone calls to individuals whose names appeared on lead lists he had purchased.
5. Hardy and his agents would inform contacted individuals that they had identified an investment opportunity based on forthcoming mandatory upgrades to credit card swiping machines.
6. Hardy explained the businesses would be required to upgrade their credit card swiping machines, and that EBS was involved in helping banks determine which businesses needed the machine upgrades. According to Hardy, the banks agreed to pay for these leads, and EBS would also receive a portion of the proceeds of each transaction processed by machines purchased as a result of the EBS leads.
7. In order to cash flow the lead generation, Hardy explained, EBS needed investors to cover upfront costs. In exchange for the investment, investors would be assigned a list of vendors that purchased machines as a result of EBS leads, and paid a pro-rata apportionment of the residual processing fees EBS received.
8. Hardy and his agents promised the investors a complete return on their investments within three months. Additional residual returns of 50% every three months were promised in perpetuity thereafter.
9. Hardy and his agents contacted one such victim, M.M., at his home in East Helena, MT.

10. After numerous conversations with Hardy and his agents, M.M. decided to invest \$50,000.00 in Hardy's purported venture.

11. M.M. deposited a \$50,000.00 cashier's check into the Hardy/EBS account at the Helena, MT Wells Fargo Bank Branch on February 5, 2015.

12. Additional investments from other victims not located in Montana were deposited into the same Wells Fargo Account.

13. Hardy withdrew \$174,437.67 in cash from the account between January 2, 2015, and March 15, 2015.

14. Hardy paid \$177,202.00 to various individuals as alleged payroll payments between January 2, 2015, and March 15, 2015. No payroll taxes were paid from the account.

15. The only business expenses that appear to have been paid from the account were payments totaling \$14,917.00 for leads, and \$3,961.65 for rent.

16. There is no evidence that Hardy or any of his associates made payments toward any legitimate business enterprise related to the credit card swiping industry.

WHEREFORE, the Commissioner makes the following

### **CONCLUSIONS OF LAW**

1. Any Finding of Fact more appropriately considered a Conclusion of Law is hereby incorporated into these Conclusions of Law.

2. The notice provided to Respondent in this case fulfills the requirements set out in Mont. Code Ann. § 2-4-601 and Admin. R. Mont. 1.3.214.

3. The Commissioner has jurisdiction over this matter pursuant to §§ 30-10-102, 30-10-107, 30-10-201, 30-10-301, 30-10-304, 30-10-305, and 30-10-309.

4. Section 30-10-301 of the Montana Securities Act prohibits a person, in connection with the offer, sale, or purchase of any security, from:

- a. Employing any device, scheme, or artifice to defraud;
- b. Making any untrue statement of a material fact or omitting a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- c. Engaging in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person.

5. Respondent violated § 30-10-301(1)(a), (b), and (c) by:

- a. Telling M.M. he/she would obtain shares in credit card processing machines, and promising a guaranteed return on M.M.'s \$50,000.00 investment;
- b. Receiving funds from M.M. with the intent to defraud him/her; and

6. An order of restitution and interest at the rate of ten percent per annum is appropriate in these circumstances pursuant to § 30-10-301, MCA.

**WHEREFORE, IT IS ORDERED**

1. Respondent shall pay restitution in the following amounts:


a. M.M.—

i. February 5, 2015 Investment—\$50,000.00 principal, plus interest of \$12,200.00.

2. Respondent shall pay a fine of \$20,000.00.

3. All fines and restitution must be paid within 30 days of the date of this Order.

DATED this 14 day of July, 2017.



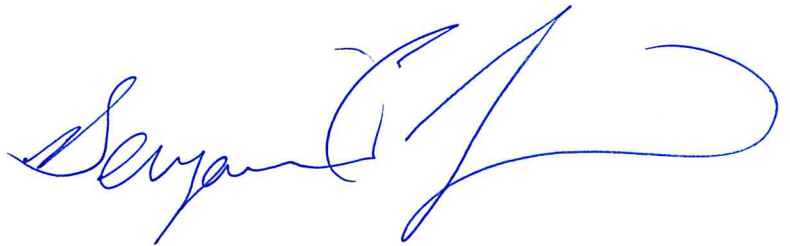
**MATT M. ROSENDALE**

Commissioner of Securities and Insurance,  
Montana State Auditor

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing was served on the 17<sup>th</sup> day of July, 2017 by US mail, certified first-class postage paid, to the following:

GORDON L. HARDY  
1510 W El Monte Place  
Chandler, AZ 85224-2623



ELITE BUSINESS STRATEGIES, LLC  
C/O Montana Secretary of State  
ATTN: Jeffrey M. Hindoien  
P.O. Box 202801  
Helena, MT 59620